

**DOCKET SECTION**

**BEFORE THE**

**POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001**

**RECEIVED**

**OCT 2 12 17 PM '97  
POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY**

**POSTAL RATE AND FEE CHANGES, 1997**

**Docket No. R97-1**

**DOUGLAS F. CARLSON  
MOTION TO COMPEL  
UNITED STATES POSTAL SERVICE  
TO ANSWER INTERROGATORY DFC/USPS-4**

**September 29, 1997**

On September 26, 1997, the Postal Service filed Objections of the United States Postal Service to Douglas Carlson Interrogatories DFC/USPS-3 and 4 (hereafter "Objection") and Motion for Late Acceptance. I hereby move to compel the Postal Service to provide an answer to interrogatory DFC/USPS-4.

DFC/USPS-4 reads as follows:

Please provide all examples since the Postal Reorganization Act of a cost coverage (i) over 275 percent or (ii) over 300 percent that the Commission has recommended, the Board of Governors has approved, and the Postal Service has implemented.

The Postal Service states that providing an answer to this interrogatory would impose "an undue burden which is well out of proportion to any value such information could have to these proceedings." Objection at 2. In reality, this information is relevant to the issues in this case, and the Postal Service has failed to explain why providing this information would constitute an undue burden.

## Relevance of the Information

Contrary to the Postal Service's suggestion, the information that I have requested is highly relevant to this proceeding. In this case, the Postal Service proposes a 21-cent rate for single-piece post cards and an additional two-cent fee for stamped cards. However, the total attributable cost for manufacturing and processing a stamped card is only 7.6 cents.<sup>1</sup> Therefore, the implicit cost coverage that the Postal Service proposes for stamped cards is 303 percent.

In preparing my case, I will analyze whether a 303-percent cost coverage is justified under the Postal Reorganization Act. The Commission and participants will evaluate this proposed cost coverage and other proposed cost coverages by comparing the cost coverages across all rates and services. For example, since the Postal Service has proposed a cost coverage for stamped cards that is higher than the cost coverage for any other classification or service except Mailgrams, I will analyze, under 39 U.S.C. § 3622 and 39 U.S.C. § 3623, whether the characteristics of stamped cards justify the second-highest cost coverage overall.<sup>2</sup>

In addition, since the fee structure for stamped cards is new, I believe that the Commission may properly consider the number and types of rates or fees with a cost coverage of at least 275 or 300 percent that have been approved in previous cases. For example, if no service or classification besides Mailgrams has ever been assigned a cost coverage over 300 percent, the Commission should ask why a stamped card should have a higher cost coverage than any other rate or service. Additionally, to the extent that cost coverages have, in previous cases, been set above 275 or 300 percent, the Commission should use those rates and fees as a benchmark for analyzing the proposed cost coverage for stamped cards.

---

<sup>1</sup> Response to DFC/USPS-T5-2(b), Attachment I.

<sup>2</sup> Exhibit USPS-30B.

The Postal Service's objection fails to appreciate the value of this historical comparison. Instead, the Postal Service would like this analysis to take place in a vacuum, as it claims that "[t]he merits of each Postal Service's [sic] cost coverage proposal in this proceeding will be judged on the basis of whether it complies with the policies of the Postal Reorganization Act, not whether it is the first, fifth, or umpteenth highest in postal ratemaking history." Objection at 2. The policies of the Postal Reorganization Act are stated in general terms, however; practical interpretations have developed over time in Commission proceedings. Previous Commission decisions will be useful in analyzing the proposed rate and fee for stamped cards. For example, depending on the information that the Postal Service provides, I may argue on brief or in testimony that the stamped-card proposal represents an unprecedented and excessively high cost coverage.

In sum, this information is relevant and potentially very enlightening, and the Postal Service should be required to produce it.

### **Undue Burden**

The Postal Service has failed to explain why providing an answer to this interrogatory would impose an undue burden. Commission practice requires the Postal Service to explain and quantify why a discovery request would pose an undue burden. By omitting this explanation, the Postal Service has denied me an opportunity to respond meaningfully to this assertion or to weigh the benefit of the information to this proceeding against the burden that the Postal Service might bear. Since the Postal Service should have explained in its objection why my interrogatory would impose an undue burden, thus providing me with an opportunity to respond, I request that the Commission not permit the Postal Service to supply this omitted information in any opposition to my motion that the Postal Service might file.

In any event, any possible burden appears to be minimal. In its objection to DFC/USPS-3, the Postal Service argues that the information about cost coverages in the current case is readily available in witness O'Hara's testimony. Objection at 1. Indeed, Exhibit USPS-30B provides the information in summary form. Therefore, the

Postal Service seemingly could consult the appropriate exhibits in previous cases and readily compile the information that I have requested in DFC/USPS-4 — at minimal burden.

Finally, any burden that the Postal Service might endure likely would be offset by the benefit of this information to this proceeding. As I explained earlier, the cost coverage for stamped cards would exceed the cost coverage of any other proposed rate or fee in this case except Mailgrams. Whether this high cost coverage is, indeed, unprecedented is relevant to this proceeding and may form the basis for my case.

### **Conclusion**

For the reasons explained in this motion, I request that the Commission compel the Postal Service to answer DFC/USPS-4.

Respectfully submitted,

Dated: September 29, 1997



DOUGLAS F. CARLSON

---

### **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon the required participants of record in accordance with section 12 of the *Rules of Practice* and sections 3(B) and 3(C) of the *Special Rules of Practice*.



DOUGLAS F. CARLSON

September 29, 1997  
Emeryville, California